

ROCKY FLATS CITIZENS ADVISORY BOARD**MINUTES OF WORK SESSION****December 5, 1996**

FACILITATOR: Reed Hodgins, AlphaTRAC

Tom Marshall called the meeting to order at 6:10 p.m.

BOARD / EX-OFFICIO MEMBERS PRESENT: Jan Burda, Tom Clark, Tom Davidson, Eugene DeMayo, Tom Gallegos, Paul Grogger, Victor Holm, Susan Johnson, Sasa Jovic, Jim Kinsinger, Beverly Lyne, Tom Marshall, David Navarro, Todd Saliman / Mike Konczal, Frazer Lockhart, Gary Kleeman, Steve Tarlton**BOARD / EX-OFFICIO MEMBERS ABSENT:** Alan Aluisi, Mary Harlow, Linda Murakami, Gary Thompson**PUBLIC / OBSERVERS PRESENT:** Kenneth Werth (citizen); Larry Helmerick (DOE); James Horan (citizen); Joe Rippetoe (IMAA); Edgar Ethington (citizen); Jack Hoopes (Kaiser-Hill); D. Parker (citizen); Jim Stone (RFCC); John Corsi (Kaiser-Hill); Hank Stovall (City of Broomfield); Ravi Batra (DOE); Stan McElderry (GE); W. Kemper (citizen); Bob Kanick (citizen); Ken Korkia (CAB staff); Erin Rogers (CAB staff); Deb Thompson (CAB staff)**PUBLIC COMMENT PERIOD:** No comments were received.**PRESENTATION ON THE ROCKY FLATS FY 97 BUDGET AND PERFORMANCE MEASURES FOR KAISER-HILL** (Paul Golan, DOE): Paul provided an overview to the Board on the FY97 Baseline and Performance Measures. The contract with Kaiser-Hill serves as the basis for establishing performance measures, then baseline milestones are set. From those milestones DOE and Kaiser-Hill establish specific performance measures for the contractor. Each performance measure has a basis in RFCA, the Ten Year Plan, and the Integrated Site Baseline. DOE's FY95 budget was approximately \$701 million; for FY97 that figure has been reduced to \$548 million. DOE estimates that it will receive between \$550 to \$609 million in FY98. The budget is prioritized based on the following areas: legacy costs (those costs associated with Rocky Flats' existence, such as health effects and work force restructuring); fixed activity costs (such as payroll, safety, DOE mandated activities, infrastructure); urgent risk mitigation costs; corporate operating costs; enforceable compliance costs; and mortgage/risk reduction costs.

Performance measures must meet established criteria such as eliminating an urgent risk, reducing mortgage, getting material offsite, or be an important step in the Ten Year Closure Plan. For FY97, DOE and Kaiser-Hill have negotiated 21 performance measures and 15 super-stretch measures. Examples of the performance measures include: characterizing and treating high priority residues; Building 771 liquid processing; Building 779 deactivation; shipping nuclear materials offsite; and completing IHSS/PAC remediation. Super-stretch measures are activities that represent significant mortgage or risk reduction to the site.

ADMIN RECORD

SW-A-005316

Kaiser-Hill would need to transfer resources from areas of excess to areas of need in order to complete these measures, which include: deactivation of Building 886, removing packaged nuclear materials from Building 771; disposing of materials generated from remediation of the Mound Site; and demolishing and removing 50,000 square feet of site facilities. DOE feels it has learned a great deal from problems with the performance measures in the past and has made significant changes to its process for FY97.

Q&A Session:

Question: Tom Davidson: One performance measure regarding installation of a bagless transfer system, what does it mean by not signed off yet?

Answer: Paul Golan: There is enough money in the approved baseline to take delivery of the machine, but not enough money to pay for the installation. That is first on the integrated unfunded list. We will not establish a performance measure that is not in the baseline.

Question: Bill Kemper: Congratulations on the gateway measures. Does the gateway apply to all the fee or just incentive fee?

Answer: Paul Golan: Kaiser-Hill does get 15% of the fee pool as base fee. That covers the cost of money since they have no letter of credit with the government. 85% of the available fee is in the incentive part of the package.

Question: Bill Kemper: When Kaiser-Hill empties tanks but has not yet gotten through a gateway, how are they compensated for the work?

Answer: Paul Golan: Their expenses are covered. It's a cost plus incentive fee. A small portion of the incentive is considered the base fee. We pay the cost to operate the site.

Question: Bill Kemper: How are the workers at the site paid? And how many are Kaiser-Hill employees versus government employees?

Answer: Paul Golan: The workers are paid by Kaiser-Hill or one of their subcontractors. DOE has about 300 federal employees, Kaiser-Hill and its first tier subcontractors have about 3,400 employees.

Question: Steve Tarlton: Just before RFCA was signed, there was a validation process to validate the amount of money necessary to implement RFCA. That number was \$660 million. The budget for the next few years is significantly less than that. It appears there is not enough to implement RFCA.

Answer: Frazer Lockhart: The number was closer to \$550 million. The question was not how much was necessary to implement RFCA, but rather is this amount sufficient to implement RFCA. What Paul showed was the EM contribution to the total site budget.

Question: Steve Tarlton: We were told that anything lower than \$660 million, there would be an unacceptably lower probability of being able to implement RFCA.

Answer: Paul Golan: The baseline established with Kaiser-Hill doesn't necessarily represent all the money. Some money comes directly to RFFO and go out in grants. That adds about

another \$85 million to the site budget.

Question: Joe Rippetoe: What is a ballpark incentive fee pay in '96 for the 60-65% of work accomplished on the contract?

Answer: Paul Golan: What they are earning right now is about 60-65% of the total incentive award fee available, which is about \$12 million.

Question: David Navarro: I'm glad to hear that there is a fairly constant of \$40-\$45 million for DP in the budget. I think it would be useful when these presentations are made to note that.

Answer: Paul Golan: I will do that in all future presentations.

Question: Paul Grogger: I congratulate you on some of the new ideas. Under your budget prioritization for '97, when you talk about 60-65%, where in this budget is that? What is the actual money they get? And what happens to the money, the incentive fees, they did not get that was budgeted in the process? Is it a carryover?

Answer: Paul Golan: Corporate operating cost fee is included. They didn't have \$100 million for fee; the fee pool was considerably smaller - in the \$20 million range. They got 65% of \$20 million. The money we don't give out is carryover. We can use that money if we find something else to fund.

Question: Beverly Lyne: Do they have to get 85% to get any fee at all?

Answer: Paul Golan: Yes, we start paying at 85%.

Question: Beverly Lyne: If you have a group of people who finish a project, are they going to stand around and get paid for six days before they go to another project? Is that what is happening?

Answer: Paul Golan: Yes, we recognize that, and we're doing something about it.

Question: Gary Kleeman: Could you give more detail on #13, #14 and #17?

Answer: Paul Golan: A lot more information on liquid stabilization is in the back of your packet. On #14, that is 23 shipments. #17 is IHSS 119.1, Trench 1 and the Mound. We can get you more specifics on each of those.

Question: Tom Marshall: The Site Wide Issues Committee has asked DOE to prepare a continuum that shows where Kaiser-Hill did not meet a milestone, and then show how that carried over into the next year. We asked for that information from the beginning of Kaiser-Hill's tenure. When you talk about a baseline milestone, if not all are baseline, which ones are? And on the funded list for '97, has it changed since a month ago?

Answer: Paul Golan: The funded has had about five things added; we can provide you an up-to-date version. Out of \$550 million worth of work, we have to pick out meaningful work and results. We established about 250 baseline milestones in the contract with Kaiser-Hill that represent meaningful steps along the way. We can also provide you a copy of the

baseline milestones.

Question: Tom Marshall: What kind of performance measures do you have that aren't based on these milestones?

Answer: Paul Golan: The performance measures are also milestones; a subset of the baseline milestones. It's there for reporting.

Question: David Navarro: I want to verify a number, that the total fee available for this year is \$20 million. Is that correct?

Answer: Paul Golan: That's a ballpark right now, but after the contract modification is approved we can talk more specifically about what that is.

Question: David Navarro: I wanted to expand on Beverly's comment. On your slide discussing super-stretch measures, it says those measures incentivize Kaiser-Hill to expeditiously transfer resources from area of excess to areas of need. That's a great concept, but it can and should be practiced presently. I know for human resources it can be done. We have a group of 20 maintenance workers, and funding ran out with one of the subcontractors so there was no work for them to do. They have been temporarily assigned to utility work. That's a \$10 per hour difference in pay for highly-skilled workers. There is other work on the plant site; those workers could be assigned to other subcontractors where those skills are needed.

Answer: Paul Golan: I agree. Nancy Tuor: I have a different understanding of the facts. But one change made in the recent collective bargaining agreement is more flexibility in work rules. Before, we couldn't ask people to do work outside their job classification. We now may ask them to do work they are safely trained and qualified to do, paying their current rate plus \$.50 per hour to do work outside their classification. I think this is a positive change.

Question: Bob Kanick: Is there a provision to ensure that safety isn't compromised by pushing the incentives ahead?

Answer: Paul Golan: The performance measures are meant to incentivize work. Safety is critically important. We do have a safety improvement performance measure. If there are safety problems, work would be shut down, which would prevent them from completing measures and earning incentives. Safety is a precondition to get everything done.

Question: Joe Rippetoe: On the \$8 million left over from incentives, does that go into a big pot where you can decide where it goes?

Answer: Frazer Lockhart: Yes, this year we have two single fund sources - Defense Programs and Environmental Management. EM money is coded under a single category this year.

Question: Hank Stovall: Have you analyzed what areas are the most efficient and what is the least efficient? Where specifically do you expect to get 20% improvement in efficiency?

Answer: Paul Golan: Kaiser-Hill completed 65% of the milestones on time in 1996. Others

were done later; over 90% of the milestones eventually got done. Yes, there were inefficiencies in many places. But we are doing something about it. Nancy Tuor: We did analysis of that last year. Kaiser-Hill developed a 30-point improvement plan. The biggest inefficiency we have is the shut-downs when someone doesn't follow a procedure. We put a lot of attention there. The integration of the different functions at the site will help efficiency as well. Frazer Lockhart: In general, some of the environmental restoration and waste work are the areas that do better. Where there is more of a struggle are some of the scheduling elements related to work in the plutonium buildings.

Question: Kenneth Werth: How can you say you've cleaned up this material when you haven't said anything about stabilization? I was under the impression that when you try to stabilize this material, you create more waste. Where are you planning to ship it?

Answer: Paul Golan: We're talking about draining the tanks, that's part of the performance measure. The other part is to put it through the caustic waste treatment system. The effluent of that treatment will probably be cemented into cement cubes, and will probably be transuranic waste where eventually it could be shipped to WIPP.

Question: Tom Marshall: Have this past fiscal year's fourth quarter performance measures been finalized - the award fee?

Answer: Paul Golan: That's still in the works. It probably won't be finalized for a couple more weeks.

Question: Tom Marshall: Regarding the uranium release incident, how did that play into this past year's performance measures and will that change anything for the coming year? You excavated trenches and smashed the drums like you were supposed to, so I'm assuming Kaiser-Hill got 100% of the award fee. However, there was a release and a health and safety issue that came up, and a mishandling of the way information was released to the public. Was there a penalty for that?

Answer: Paul Golan: Whether DOE will pay for the work done at T3 and T4 is being discussed right now. It has not been paid to date, and I don't know if it will. We will have to get back to you on that. Frazer Lockhart: The way performance measures are written, they describe the expectation. To get into the criteria of what is expected to happen, there is a rating plan on what it means to complete the performance measures -- wording such as "complete remediation of Trenches 3 and 4 in accordance with all applicable regulations in a safe manner, etc."

Question: Tom Marshall: Are those criteria weighted?

Answer: Frazer Lockhart: In most of the performance measures, it's not that specific. But the wording is there in the narrative. So the evaluation takes time.

Question: Tom Marshall: Then can we expect in the next couple of weeks to get information on what you decided on the remediation of Trenches 3 and 4?

Answer: Paul Golan: If you want some followup, we will provide that. It may not be resolved in two weeks, but if you want a report, we can get that to you.

Question: David Navarro: Regarding stovepiping the funds, my observation is that one of the logistical nightmares of contract reform is that it's back in place in the form of certain dollars. The manpower, the number of workers, are allocated to subcontractors, and there are turf wars. There is a reluctance between subcontractors to give up human resources and dollars to another subcontractor. So there is a different type of stovepiping. We need to find a way to work around that.

Answer: Nancy Tuor: Fifty percent of the fee that Kaiser-Hill's subcontractors earn is dependent upon the fees that the entire site earns. There is no dollar incentive for the subcontractors to hold onto resources. The fees are allocated based on performance measures. We have separate contracts with each subcontractor. There's no real incentive to hold onto resources -- we have tried to set it up so that they only do well if the whole site does well. But it probably happens sometimes. Paul Golan: We think the integrated management contractor is the way to go.

Question: Tom Clark: Item 7, small business subcontracting, can I get more information about that?

Answer: Paul Golan: Both 7 and 8 are related. There is an incentive in this structure that provides an incentive fee for Kaiser-Hill to subcontract a certain percent of their business to small and disadvantaged businesses as a function of the entire site's budget. This is an important element in government contracting.

PUBLIC COMMENT PERIOD: No comments were received.

RECOMMENDATION OF NEW COMMITTEE CO-CHAIR (Tom Gallegos): The Environmental/Waste Management Committee recommended that Sasa Jovic be appointed co-chair of that committee.

Decision: *Approve Sasa Jovic to serve as co-chair of the Environmental/Waste Management Committee. APPROVED BY CONSENSUS.*

RECOMMENDATION ON WATER QUALITY STANDARDS FOR ROCKY FLATS (Tom Gallegos): The Environmental/Waste Management Committee over the last few months received input and developed a recommendation for the Board to review on proposed changes to water quality standards. The draft recommendation stated that CAB supported those proposed changes, which would raise the standards for plutonium, gross beta and uranium site-specific standards, and groundwater use classifications. However, some Board members did not support these changes. Board members revised the recommendation to the Colorado Water Quality Control Commission so that it stated: 1) any temporary modifications to nitrate standards be evaluated every three years; 2) encourages the Commission to explore new methods for treating and managing captured groundwater in an effort to better protect downstream water resources; and 3) urges the Commission to ensure the protection of the City of Broomfield's water supply until the city's alternate drinking water quality supply is online.

Decision: *Approve revised recommendation to Colorado Water Quality Control Commission. APPROVED BY CONSENSUS.*

RECOMMENDATION ON REMAINING SOIL ACTION LEVELS ISSUES (Susan

Johnson): The Site Wide Issues Committee brought forth the final installment of CAB's soil action levels recommendation. This recommendation specifically discusses institutional controls, and states that CAB believes the most effective control to be land ownership in perpetuity and land use mandated by legislation, such as is found at the Rocky Mountain Arsenal. CAB also reiterated that the highest technology possible should be used to mitigate and eliminate, if possible, the movement of dangerous substances offsite.

Decision: *Approve recommendation on Soil Action Levels discussing institutional controls.*
APPROVED BY CONSENSUS.

REVISED ENVIRONMENTAL MONITORING RFP (Beverly Lyne): Beverly discussed the revised RFP - analysis of environmental monitoring at and around RFETS. The RFP will be mailed on December 9 to approximately 125 interested bidders. The schedule calls for work on the project to begin March 10, 1997, with a presentation of findings to CAB at its June 5, 1997 meeting.

Decision: *Approve RFP on environmental monitoring, with one minor change to timeline.*
APPROVED BY CONSENSUS.

PRESENTATION ON COMMUNITY OUTREACH COMMITTEE MEETING AND RECOMMENDED FOLLOW-UP ACTIONS (Erin Rogers): Erin gave a presentation on current outreach activities and a summary of an October meeting to discuss CAB's outreach. Currently, Erin handles all routine and special outreach efforts on behalf of the Board, which include advertising Board meetings; community calendar listings; press releases; a World Wide Web page; CAB's quarterly newsletter (sent to about 3,500); targeted newsletter mailings to local communities and special surveys; and promoting special events. At the October committee meeting, CAB members agreed the Board's new outreach focus should be on encouraging more public participation at committee meetings, and begin considering how its recommendations affect and benefit the community. The Board will hold its substantive discussions on outreach issues at retreats. The Executive Committee will handle any decisions that require a quick turnaround.

Decision: *Terminate the Community Outreach Committee.* **APPROVED BY CONSENSUS.**

EXECUTIVE SESSION:

* CAB Budget Reprogramming Issues. The Board will send a letter to Assistant Secretary Alm requesting a total budget authority in 1997 of \$424,000.

NEXT MEETING:

Date: January 2, 1997, 6 - 9:30 p.m.

Location: Westminster City Hall, lower-level Multi-Purpose Room, 4800 West 92nd Avenue, Westminster

Agenda: * *Presentation on Community Needs Assessment; introduction to CAB participation in Rocky Flats' FY99 budget development*

ACTION ITEM SUMMARY: ASSIGNED TO:

- 1) Revise and forward recommendation on water quality standards - Ken Korkia
- 2) Prepare and forward recommendation on Soil Action Levels - Erin Rogers
- 3) Revise RFP; mail to potential bidders on December 9 - Staff

MEETING ADJOURNED AT 10:05 P.M. *

(* Taped transcript of full meeting is available in CAB office.)

RESPECTFULLY SUBMITTED:

David Navarro, Secretary
Rocky Flats Citizens Advisory Board

The Rocky Flats Citizens Advisory Board is a community advisory group that reviews and provides recommendations on cleanup plans for Rocky Flats, a former nuclear weapons plant outside of Denver, Colorado.

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